

Proposed Rule: Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (RIN 0584-AE62) – Potential impacts on Participants in the National School Lunch Program and School Breakfast Program

The subject rule may impact the process in which children are certified eligible for free meals in the National School Lunch Program (NSLP) and the School Breakfast Program (SBP). Under NSLP/SBP rules, children may be certified eligible for free or reduced school meals based on household size and income through the submission of an application, or determined categorically eligible for free meals based on participation in another Federal assistance program such as the Supplemental Nutrition Assistance Program (SNAP). Categorically eligible children may be identified either by documenting their participation in the other program on a household application (for example, by providing a SNAP case number) or through a process called direct certification. Under direct certification, participation records from the Federal assistance program are matched with student enrollment records to automatically certify the matched children for free school meals. Households with children directly certified for school meals do not need to submit an application.

The changes in this SNAP proposed rule intersect with school meal certification in that some households with school-aged children that no longer participate in SNAP will not be categorically-eligible or directly certified for free school meals. These households would instead be required to submit a household application to determine school meal eligibility, like other SNAP non-participants. The potential impacts of this proposed change on school meals participation and cost are estimated below.

Number of Children in Households with Changed SNAP Participation Status

Tabulation of FY 2016 SNAP Quality Control data shows that roughly 684,000 households with children lose SNAP because of proposed changes to categorical eligibility under 0584-AE62.

Because about 79.7¹ percent of households with children participating in SNAP have school aged children, we estimate that about 545,500 households with school-aged children may no longer participate in SNAP under the proposal. Their eligibility for school meals would vary based on household income:

- About 45 percent would no longer be asset eligible for SNAP but would still be eligible for free school meals because their household income is 130 percent or less of the Federal poverty level, the income threshold for free meals in NSLP and SBP.
- The other 55 percent would no longer be income eligible for free school meals. However, roughly 93 percent² of these households, or about 51 percent of all affected households, would be eligible for reduced price meals due to their household income of 185 percent or less than the federal poverty level, the income threshold for reduced-price meals in NSLP and SBP.
- The remaining four percent of households with children would be eligible only for paid school meals because their household income exceeds 185 percent of the federal poverty level.

Households seeking free or reduced-price meals would need to submit an application to do so.

¹ Table A.1: U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2016, by Sarah Lauffer, Project Officer, Jenny Genser, Alexandria, VA, 2017

² Special tabulation of 2016 SNAP QC data

FNS administrative data shows that there are an average of 1.8 school-aged children per NSLP/SBP-enrolled household. Applying this assumption to estimate the number of impacted children shows that potentially as many as 982,000 children would no longer be directly certified for free school meals based on SNAP participation. Of the total number of impacted children, about 445,000 (or 45 percent) would be income eligible for free meals, and about 497,000 (or 51 percent) would be income eligible for reduced price meals. About 40,000 children (or 4 percent) would be required to pay at the “paid rate” for a school meal if they chose to participate in the NSLP and SBP.

It is possible that some of these potentially impacted children are enrolled in schools participating in a special provision such as the Community Eligibility Provision (CEP)³ where all students are offered meals at no charge. Due to the process in which meals are claimed in these schools, annual eligibility determinations are not made and these students would continue to be offered meals at no charge through the school’s operation of the special provision. To the extent that this is the case, the figures above should be treated as upper-bound impact estimates. Of the 13.7 million children enrolled in schools participating in CEP, 9.9 million (or 72 percent) are in the States that have SNAP expanded categorical eligibility policies using a non-cash TANF program with a gross limit higher than 130%, and thus would be impacted by the proposal. These States also tend to use CEP at a higher rate than other States.

³ The changes in this proposed rule may lower some schools’ CEP eligibility percentage and the corresponding claiming percentages. However, as long as the school is still participating in CEP, the student will continue to be offered free school meals. We expect that the vast majority of CEP-participating schools will be able to continue to participate in CEP under this proposal.

NSLP/SBP Budget Impacts Due to Proposed Rule

There may be some savings associated with the shift in the number of children certified for free and reduced price meals due to the proposed changes in this rule. The budget estimates below account for the shift in the number of students certified free, reduced price, and paid, and the typical number of meals that children consume at these certification levels. They also adjust for the potential that some eligible households will not submit a household application. The figures do not account for potential State and local administrative costs incurred due to collecting and processing household applications for children no longer categorically eligible and also do not account for any increased responsibility placed on the households to complete and submit a school meals application, which is a statutory requirement for participation outside of the special provisions described above.

The changes to SNAP in this proposed rule could reduce NSLP/SBP program costs by roughly \$90 million annually. Due to the timing of the school year and when children are certified for school meals, the full impact of this rule would not be in effect until FY 2021.

<i>Millions</i>	FY2019	FY2020	FY2021	FY2022	FY2023	5-year
NSLP	-	-	(64)	(65)	(66)	(195)
SBP	-	-	(25)	(25)	(25)	(75)
Total	-	-	(89)	(90)	(91)	(270)

Note, as above, that the estimate does not account for those students who may be impacted by the proposed rule but are enrolled in a school participating in a special provision where school meals are offered at no charge to the student. Since these students are offered free meals through the school's participation in a special provision and not through individual eligibility determinations, these students would continue to be offered free meals regardless of the proposed changes. For that reason, to the extent that this is the case these cost figures should be treated as upper-bound estimates.